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Conservatives and Shultz reach accord in debate over diplomats

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After bitter infighting over the fate of Reagan loyalists in the State Department's shuffling of Latin American posts, Reaganites and Secretary of State George Shultz have each settled for "half a loaf," an administration source said yesterday.

The final piece of the Latin American puzzle fell into place Saturday, sources said, with the decision to replace the strongly conservative J. William Middendorf II, current ambassador to the Organization of American States, with another staunch conservative, Richard McCormack, a former aide to Sen. Jesse Helms, R-N.C.

The sources said the compromise came after Secretary Shultz's team tried to remove Mr. McCormack, a political appointee, from his post as assistant secretary of state for economic and business affairs.

Mr. McCormack's move opens his position to John M. Hennessy, who worked with Mr. Shultz at the Treasury Department in the Nixon administration.

Ambassador Middendorf is scheduled to be the next ambassador to the European Community.

Before that compromise was struck, one congressional critic of the dispute said the conflict had left the State Department "shell-shocked." The battle over personnel had become so bitter that one administration official questioned whether Mr. Shultz's efforts to replace Reaganites would hurt him when it comes time to get any treaties he negotiates ratified in the Senate where Reaganites exert considerable influence.

That official said Mr. Shultz went too far, saying the president intended only for the secretary "to take any Reaganite he wanted . . . not just anyone who was a U.S. citizen."

What irked the conservatives the most, administration sources said, was the handling of the changes by Kenneth Dam, deputy secretary of state.

Conservative sources said they blame Mr. Dam for the "public firings" of some of the ambassadors.

Conservatives also believe it was Mr. Dam who leaked a number of those changes to Joseph Kraft, the nationally syndicated columnist. Several assistant secretaries first learned they were being replaced by reading that column, one source said. They were also upset because the senior administration official quoted in the Kraft column raised questions about their competency.

"[Dam] demonstrated all the charm, style and grace of Al Haig in a boxing ring," commented one administration official, an apparent reference to the rough-and-tumble style of the former secretary of state.

A congressional critic said conservatives do not trust Mr. Dam "or his instincts." And an administration official said Mr. Dam has emerged as the Reaganites' "enemy No. 1."

Mr. Dam upset conservatives the most, a source said, by excluding "Reaganites" from consideration in forming the Shultz team. One source said Mr. Dam did not ask the White House for resumes of any "Reaganite."

Secretary Shultz, sensing there was a problem, recently began handling the details and met with Mr. Middendorf and Mr. McCormack to work out the arrangement, one administration official said.

"Middendorf and McCormack were personally handled by Shultz which suggests how badly things were handled by his underlings," the official said.

The congressional source said there is a feeling that Secretary Shultz has "correct instincts" but is surrounded by foreign service officers trying to advance their own careers.

Another element that worked against some of the Reaganites, the conservative official said, was the political support given Sen. Helms by 22 ambassadors who signed a letter endorsing the Helms's candidacy in last fall's hotly contested Senate race.

The official said signing the Helms letter was not used as a cause for dismissal. But he added, "Don't look for many of them to get promoted."

Other critics said they resented the timing of the changes, which were announced over the Christmas holidays while Congress was not in session.

"By Jan. 23," one congressional critic said, "it was meant to be a fait accompli."

The battle began, an administration official said, with the announcement of the appointment of NBC television newsman Bernard Kalb as successor to John Hughes as State Department spokesman.

The White House was upset, the official said, because Mr. Kalb is not considered a Reaganite and because the announcement came from the State Department rather than from the White House.

One of the first battles that came to light over the Christmas holidays was the

forced resignation of Lewis A. Tambs, current ambassador to Colombia. The Shultz team wanted to accept his resignation without reassigning him, but White House support was so strong that Mr. Tambs was named ambassador to Costa Rica, an administration official said.

Sources said the conservatives had been worried that Mr. Tambs, an Arizona State University professor, would be replaced without being reassigned because of his conservative views.

Another skirmish line was formed when the Shultz team attempted to put two deputies of Langhorne A. Motley, assistant secretary of state for Inter-American Affairs — L. Craig Johnstone and Charles A. "Tony" Gillespie — to key ambassadorial posts in Latin America.

Conservatives were able to prevent a Shultz team decision to appoint Mr. Johnstone, a key adviser on Central America policy, as ambassador to Honduras.

Mr. Johnstone viewed by some on the right as too conciliatory toward the leftist Sandinista government in Nicaragua, will be assigned to the less contentious post of ambassador to Algeria, officials said.

The White House previously blocked an ambassadorial appointment for Mr. Gillespie, but Shultz forces were able to get him assigned as ambassador to Colombia.

An earlier attempt to purge a political appointee, James Malone, head of Oceans and International Environmental and Scientific Affairs, was apparently derailed. Mr. Malone is now expected to be named to replace Rich Williamson at

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